

# Office of the State Comptroller **PAYROLL BULLETIN**

<b>Subject</b>  Employer Notice to Employees Who May Be Eligible for Earned Income Credit	<b>Bulletin No.</b> P-638
	<b>Date</b> December 29, 1989

Under the Tax Reform Act employees are required to issue a Notice to all employees who may be eligible for a tax refund on their Federal Income Tax Returns due to Earned Income Credit (EIC).

Each agency must provide a copy of "Notice 797", which is attached, to all who worked for them at any time during the year from whom no income tax was withheld, unless the employees claimed exemption from withholding on Form W-4, Employee's Withholding Tax Allowance Certificate.

OSC will produce listings identifying those employees who may qualify for EIC. The listings will be sent to the agencies along with this Bulletin. "Notice 797", which you may either copy or obtain from IRS (toll free number 1-800-424-3676) must be given to each employee on the listing. You may either distribute the notice with the employee's 1989 W-2, Wage and Tax Statement, or within one week before or after that time.

Questions concerning this Bulletin should be directed to the Payroll Planning Office at (518) 486-3728.

**Attachment**



Department of the Treasury  
Internal Revenue Service

## Notice 797

(Rev. April 1989)

### Notice of a Possible Federal Tax Refund Due to the Earned Income Credit (EIC)

#### What Is the EIC?

The EIC is a tax credit for certain workers who have at least one child who lives with them in a home in the United States. (See the back of this notice for a definition of "child.") It is based on a percentage of your earned income. Even if you have no tax withheld from your pay or have no tax liability, you can benefit since any EIC that is more than your tax liability is refunded to you, but **ONLY** if you file a tax return. For example, if you have no tax withheld in 1989, have no tax liability and are eligible for a \$300 EIC, you could get a \$300 refund but only if you file a tax return. For 1989, the EIC can be as much as \$910.

#### Am I Eligible for the EIC?

You may be able to take the EIC for 1989 if you work and meet all of the following conditions:

1. Your 1989 earned income and adjusted gross income must each be less than \$19,340 ("adjusted gross income" generally means the total of your wages, interest, dividends, alimony received and certain other income minus the total of your allowable deductions for contributions to an IRA, alimony paid, reimbursed employee business expenses and certain other deductions).
2. You have a child who lived with you for more than 6 months during 1989 in a home in the United States. If your child was born or died in 1989, he or she is considered to have lived with you for all of 1989.
3. You must, generally, be able to claim the child as a dependent.

4. Your filing status on your return is married filing jointly, head of household, or qualifying widow(er) with dependent child.

5. You are not able to claim the foreign earned income or housing expense exclusion, or the foreign housing expense deduction.

The 1989 instructions for Forms 1040 and 1040A and **Pub. 596**, Earned Income Credit, explain in detail who may take the EIC. You can get the instructions and the publication from IRS offices or by calling the IRS toll-free telephone number 1-800-424-3676.

#### How Do I Claim the EIC?

If you are eligible, claim the EIC on your 1989 Form 1040 or 1040A. Use the EIC worksheet in the instructions to those forms to figure the EIC. If you choose, you can receive the EIC during the year in advance payments with your pay, rather than waiting to claim it on your tax return. To get advance payments, you will have to complete a Form W-5 (available from IRS offices or by calling toll free 1-800-424-3676) and give it to your employer.

**Definition of Child.**—In general, for purposes of the EIC, your child includes:

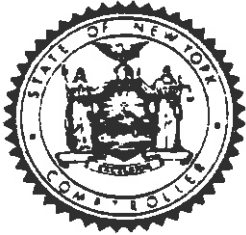
- Your son or daughter  
or
- Your stepchild or adopted child.

If your filing status is **married filing jointly or qualifying widow(er) with dependent child**, your child also includes a child placed with you by an authorized placement agency for adoption by you, or a foster child (any other child, such as your grandchild, whom you cared for as your own child for the whole year).

If your filing status is **head of household**, your child also includes a descendant of your son, daughter or adopted child.

Notice 797  
(Rev. April 1989)

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Office of the State Comptroller  
**PAYROLL BULLETIN**

Subject  Payment of 1989 Special Achievement Awards for Management/Confidential Employees	Bulletin No.  P-639
	Date  December 29, 1989

The program which results in the payment of Special Achievement Awards to Management/Confidential employees (NU 06), Correction Superintendents paid under Section 19 of the Correction Law (NU 06), unrepresented employees in the Division of the Military and Naval Affairs (NU 46), employees of PERB (NU 66) and State Police employees paid under Section 215.1(a) of the Executive Law (NU 18), is reinstated for 1989. (Due to fiscal constraints, the program was suspended last fiscal year.)

The Governor's Office of Employee Relations has issued the guidelines for determining payment to employees, currently active or inactive, who occupy or have occupied a Management//Confidential designated position during any period between November 16, 1987 and November 30, 1989. Awards to individuals must be no less than \$1000 and may not exceed \$4000. Individuals who share in an Award made to a project team may receive a payment of less than \$1000; however, the total of all payments to members of the teams may not exceed \$10,000.

Payment

Where possible, these payments should be reported to permit processing in separate checks. Therefore, agencies who have completed their nominations must submit PR-75 forms by Period 22-LAG to process Award payments to the selected individuals.

Transaction code SPEC AWARD is used to report this payment.

The block requirements for this code are as follows:

Group 3  
Class B

Block Requirements: #01 through #06  
#07 Transaction Code - enter SPEC AWARD  
49 Misc Block A - Year of Payment 89  
50 Misc Block B - amount of Award

NOTE: The Special Achievement Award payment should not be included in the Gross (ADD) block since it will not be paid in the Period in which the PR-75 is processed.

If other transactions are reported for the individual during this payroll period, SPEC AWARD may be used in an additional transaction code block. If there are conflicts in using the miscellaneous blocks, the Special Achievement Award must be reported in these blocks. Enter the other information in the Remarks block. (Remember to use SPECIAL as an additional transaction code.)